

## **The complaint**

Mr M and Mrs B complain that Santander UK plc withdrew its offer of a mortgage and recorded information about them on a fraud prevention database.

## **What happened**

In February 2022, through a broker, Mr M and Mrs B applied for a mortgage with Santander. They wanted to buy the property they were renting. Santander issued a mortgage offer, but then withdrew it a few weeks later.

Mr M and Mrs B considered applying again for a mortgage, but found that Santander had recorded information about them on a fraud prevention database. In June 2022, they complained.

Santander said it would review its decision if Mr M and Mrs B could provide various additional information about their finances, including payslips, P60s and bank statements. Mr M and Mrs B provided all of this twice, but heard nothing from Santander. In October 2022, they referred their complaint to the Financial Ombudsman Service.

Our Investigator recommended that Santander remove the fraud markers and pay Mr M and Mrs B £350 compensation.

Mr M and Mrs B pointed out that Santander had offered them a mortgage, but interest rates had since risen significantly. They said their landlord was still prepared to sell the property to them, but if they were to re-apply for a mortgage now it would cost them a lot more. They have also had to continue paying rent for far longer than they should, when they could have been paying a mortgage instead. They wanted Santander to reinstate the offer it had made in February 2022, which was to lend them the amount they had applied for at a fixed interest rate of 1.59% until 2 May 2027.

Santander said it still thought there were some inconsistencies in the financial information provided to it in Mr M's and Mrs B's application in 2022, and on that basis it was entitled to withdraw its offer of a mortgage. It said it would, however, honour the fixed rate product it had offered Mr M and Mrs B in February 2022, subject to a fresh application and its consideration of their current circumstances and financial information. It said it would also remove the fraud markers and pay £350 compensation.

Our Investigator thought that was fair in the circumstances, but Mr M and Mrs B did not. They didn't want to have to go through the application process again after what had happened the first time.

## **What I've decided – and why**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Santander wasn't obliged to lend to Mr M and Mrs B, and it was entitled to carry out various checks before deciding whether or not to offer them a mortgage. Mr M and Mrs B have explained that they are both salaried employees but they both also have income from self-employment. The details of their self-employment and resulting income weren't included in their mortgage application, so I think it's understandable that Santander had concerns about some of the information provided to it.

However, I think those concerns ought reasonably to have been apparent to Santander before it issued a mortgage offer to Mr M and Mrs B. I note that the offer document did provide at Part B for Santander to withdraw the offer in certain circumstances, including if it found out that "you have intentionally provided us with false, inaccurate or incomplete information as part of your application for the loan or omitted information which we have requested from you". But I think Santander should have carried out the checks it wanted to do before, not after, issuing the offer.

Santander has now agreed to remove the markers it recorded on fraud prevention databases in connection with Mr M's and Mrs B's mortgage application, and I think that's fair. It has also offered to pay Mr M and Mrs B £350 by way of compensation. Mr M and Mrs B indicated that they would accept that, and I think it's fair in recognition of their upset, inconvenience and disappointment.

The only remaining matter for me to decide is whether Santander should reinstate its February 2022 mortgage offer. I can understand some reluctance on Mr M's and Mrs B's part to go through the process of re-applying for a mortgage, given how their last application turned out. But I think it's important for Mr M and Mrs B, as well as for Santander, to be satisfied that the mortgage is still appropriate and affordable. I therefore find, after careful consideration, that Santander's offer to honour the terms of its February 2022 mortgage offer subject to its consideration and approval of a fresh application from Mr M and Mrs B is fair and reasonable in all the circumstances.

### **Putting things right**

To settle this complaint, I consider a fair and reasonable settlement is for Santander to:

- honour the terms of the 22 February 2022 mortgage offer it issued to Mr M and Mrs B, subject to its consideration and approval of a fresh mortgage application, including receipt of any relevant documents it requires from Mr M and Mrs B;
- remove all markers it has recorded on fraud prevention databases in connection with Mr M's and Mrs B's February 2022 mortgage application, if it hasn't already done so; and
- pay Mr M and Mrs B £350 compensation.

### **My final decision**

My final decision is that Santander UK plc must put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B and Mr M to accept or reject my decision before 17 November 2023.

Janet Millington  
**Ombudsman**